



Government Policy Concerns

Sugar Marketers Perspective

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Commodity Market Needs

- ◆ Product Availability
- ◆ Price Predictability
- ◆ Adequate returns to allow re-investment for efficient buyers and sellers
- ◆ Supportive Government/Regulatory Policy



Domestic Sugar Industry

“Period of Extreme Uncertainty”

- ◆ ***Government Policy is not effective***
 - Lowest market price in about 20 years
 - Rapid “shake-out” in domestic industry
 - Re-investment on hold for many processors



Role of Government in Restoring Order to U.S. Market

- ◆ Recognize uniqueness of domestic agriculture
 - Supply food needs
 - Provide economic viability to rural areas
 - Failed government policy contributed to current domestic sugar crisis



Role of Government in Restoring Order to U.S. Market

- ◆ Government Policy oversupplied domestic market with foreign sugar
 - Overly generous foreign trade agreements
 - Failed to control U.S. borders
 - Lacked realistic consideration of negative impact on domestic growers and processors



Major Sugar Policy Concerns

- ◆ **Increased Entry of Foreign Sugar in the Domestic Market**
 - “Stuffed Molasses” imports containing foreign sugar
 - Mexican Sugar Import Uncertainty



Major Sugar Policy Concerns

- ◆ *Increased Entry of Foreign Sugar in the Domestic Market*
 - Threat of Tier II from Mexico
 - Finished Product Imports containing foreign sugar



Sugar Policy Actions

- ◆ Close illegal entry of foreign sugar
 - “Stuffed Molasses”
- ◆ Resolve NAFTA issues
- ◆ Eliminate Tier II threat



Sugar Policy Actions

- ◆ Account for foreign sugar in imported finished products
- ◆ Take into account impact when entering new foreign trade deals



Summary

- ◆ Domestic Industry is in Crisis
 - Failed Government Policies

- ◆ Government has a role to restore order
 - Correct overly generous foreign trade agreements
 - Eliminate illegal entry of foreign sugar
 - Account for all foreign sugar imports
 - Learn from past mistakes